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Agriculture Sector Program: Increased Sustainable Production and Sales of Forest and High-Value Agricultural Products

What are Nepal's key issues in the agriculture sector?

Agriculture is Nepal's economic mainstay, with more than 80% of Nepalis dependent on farming and forest products for their livelihoods. As population pressures grow, an increasing number of families struggle to produce sufficient food on smaller and more marginal land holdings. The decrease in agricultural production combined with limited income-generation opportunities has depressed rural economies. Food deficits and the lack of business and employment prospects force able-bodied family members to migrate to urban centers in Nepal and India for temporary, seasonal and low-status jobs. This breaks up families, exacerbates rural-urban tensions and provides fertile ground for Maoist recruitment. Given a viable local livelihood option, most of them would never leave their villages.

- Approximately 40% of the population lives below the poverty line, suffering from “hungry seasons” that can last for up to two or three months each year.
- More than 50% of the population is landless or nearly-landless, farming on less than one acre of land.

What does USAID do to support the Government of Nepal in agriculture?

Increasing agricultural yields and rural incomes are critical to achieving economic growth, food security, and poverty reduction in Nepal. USAID has a bilateral agreement with the Government of Nepal to extend the duration of the agriculture program until 2006, concentrating on conflict-affected areas. The objective is to address issues of poverty and social exclusion through local enterprises that create opportunities for poor rural farmers to improve their lives.

Program activities include: small-scale farm and forest enterprise development; technical assistance in production and marketing of high-value forest and farm crops; conducting research and studies on policy impediments to agricultural growth and trade; and support for private-public partnerships to access new technologies and new markets.

In 2004-2006, an estimated 40,000 to 50,000 rural poor households (about 250,000 people) in conflict-prone Mid-Western and Western Nepal will benefit from this program – mainly small-scale farmers (including women, disadvantaged groups and the very poor), traders and entrepreneurs. At the national level, USAID funds technical expertise and analyses of critical agriculture trade-related issues such as Nepal's accession to the World Trade Organization, trade treaties with India, and quarantine and customs bottlenecks.

USAID also funds three Global Development Alliances that began in 2002: the Nepal Tree Crop Alliance focuses on public-private partnerships in marketing coffee and tea for export; the Certification and Sustainable Marketing of Non-Timber Forest Products Alliance certifies components of health and cosmetic products; and the Kathmandu Electric Vehicle Alliance promotes electric vehicles to reduce air pollution in Kathmandu.

What are the results?

From 1995 – 2002, the agriculture program:

- benefited 1,800,000 farm family members, a total of 338,000 farm and forest households;
- successfully involved women, who constituted 46% of the participants in the high-value agriculture program and more than 50% of the participants in the community forestry program;
- achieved up to 300% increases in income;
- increased annual production of forest and high-value agricultural commodities from a baseline of 21,428 metric tons in 1993 to an average of 266,719 metric tons per annum, for the years 1995 to 2002;
- improved annual sales of forest and high-value agricultural commodities from a baseline of \$3.2 million in 1993 to an average of \$27.7 million per annum, for the years 1995-2002.

Who are the key partners?

USAID is a part of a large development partner community working in partnership and collaboration with the Ministry of Agriculture and Cooperatives. Donor partners include the British Development Agency, German Development Agency, Swiss Development Agency, Japanese International Development Agency, as well as the United Nation Development Program, the World Bank, and the Asian Development Bank. USAID also works with several international and local partners - non-governmental organizations, private firms, and Government of Nepal extension workers.

For more information:

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